

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

EXPERIMENTAL PRESORTED PRIORITY
MAIL RATE CATEGORIES, 2001

Docket No. MC2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SCHERER
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T14-19 and 21-24)

The United States Postal Service hereby provides the responses of witness Scherer to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-14-19 and 21-23 (filed on April 24, 2001) and OCA/USPS-T1-24 (filed April 27, 2001). Each interrogatory is stated verbatim and is followed by the response.

OCA/USPS-T1-25 has been redirected from witness Scherer to the Postal Service for response.

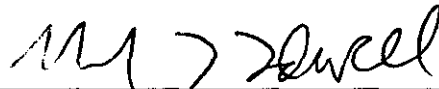
A response to OCA/USPS-T1-20 is forthcoming, pending completion of internal inquiries.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORIES**

OCA/USPS-T1-14. Please refer to your response to OCA/USPS-T1-7. Consider the following two mailers:

"Mailer 1" presents 300 pieces of Priority Mail each weighing 1 pound addressed for delivery within one ADC. Assume further that 225 pieces are addressed for delivery to one ZIP Code, and the remaining 75 pieces are equally distributed among 5 additional ZIP Codes within the ADC.

"Mailer 2" also presents 300 Priority Mail pieces each weighing 1 pound. However, assume all 300 pieces are equally distributed to 20 different 5-digit ZIP Codes.

- a. Please describe the preparation requirements for Mailer 1 and Mailer 2 under the Priority Mail presort discount eliminated in Docket No. R97-1.
- b. Please provide the per piece and total amount of the discount for Mailer 1 and Mailer 2 under the Priority Mail presort discount eliminated in Docket No. R97-1.
- c. Please provide the per-piece and total amount of the discount for Mailer 1 and Mailer 2, and explain how the discounts will differ, under the proposed Priority Mail presort discount.
- d. Please confirm that the Priority Mail presort discount eliminated in Docket No. R97-1 provided a greater incentive to mailers to present low-density mailings as compared to high-density mailings of presorted Priority Mail. If you do not confirm, please explain.
- e. Please confirm that the proposed Priority Mail presort discount provides a greater incentive to mailers to present high-density mailings as compared to low-density mailings of presorted Priority Mail. If you do not confirm, please explain.

RESPONSE:

- a. This depends on whether the hypothetical 300 pieces are flats or parcels. For flats: As I stated in my response to OCA/USPS-T1-1, "a five-digit sort was required (under the Priority Mail presort discount eliminated in Docket No. R97-1) if a 15-pound sack sorted to 5 digits could be prepared." Mailer 1's 75 pieces, equally distributed among 5 ZIP Codes, would therefore have to be prepared in 5 sacks of 15 pieces (and pounds), each presorted to its respective 5-digit ZIP Code. The remaining 225 pieces would be prepared in sacks, presorted to the one common 5-digit ZIP Code. Mailer 2's 300 pieces would be prepared in 20 sacks of 15 pieces (and pounds), each presorted to its respective 5-digit ZIP Code.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
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Response to OCA/USPS-T1-14a (Cont.)

For parcels: as I stated in my response to OCA/USPS-T1-1, "a five-digit sort was required if 6 or more pieces sorted to 5 digits could be prepared." Mailer 1's 75 pieces, equally distributed among 5 ZIP Codes, would be presented in sacks, presorted to their respective 5-digit ZIP Codes. The remaining 225 pieces would be prepared in sacks, presorted to the one common 5-digit ZIP Code. Mailer 2's 300 pieces would be presented in sacks, presorted to their respective 5-digit ZIP Codes.

b. For both Mailer 1 and Mailer 2, the discount for every piece – whether flats or parcels – is 11 cents, and the total amount of the discount is 300 pieces x 11 cents/piece = \$33.

c. The total amount of the discount cannot be answered without knowing how many pieces, at a minimum, will be required per container (or separation). Such make-up requirements have not been finalized yet. In addition, information has not been provided in the interrogatory to determine – for pieces that do not qualify for the 5-digit discount – qualification for the 3-digit discount. The per-piece discount is 25 cents for 5-digit presort, 16 cents for 3-digit presort, and 12 cents for ADC presort.

d. Not confirmed. No incentive mechanism was inherent in the old presort discount structure. Mailers were not able to choose one presort level over another. Rather, presort levels were dictated by what I have called the discount's "sequential sorting requirements."

e. Confirmed, assuming that the mailer's marginal cost of presorting to greater depth is less than the incremental discount therefrom.

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TO OCA INTERROGATORIES

OCA/USPS-T1-15. Please refer to your testimony at page 10, line 23, and page 11, lines 1-2.

- a. Please confirm that the limited flexibility of the density-based sequential sorting requirements of the Priority Mail presort discount eliminated in Docket No. R97-1 likely discouraged the mailing of densely presorted Priority Mail pieces presented for the discount. If you do not confirm, please explain.
- b. Please confirm that the proposed Priority Mail presort discount, under which any of three presort levels (5-digit, 3-digit or ADC) can be chosen as an option regardless of densities at the other two presort levels, plus the larger discounts for deeper sort, is likely to more than double the proportion of presorted Priority Mail pieces. If you do not confirm, please explain.
- c. Please confirm that an increase of more than double the proportion of presorted Priority Mail pieces would increase your estimated loss of gross revenue. If you do not confirm, please explain.

RESPONSE:

- a. Not confirmed. Please see my response to OCA/USPS-T1-14(d).
- b. Not confirmed. At page 10, line 23 through page 11, line 2 of my testimony, I posited that, compared to the old Priority Mail presort discount, the proportion of Priority Mail taking the proposed new discount will double. I have no basis for speculating that my estimate will be either high or low.
- c. Confirmed.

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OCA/USPS-T1-16. Please refer to your response to OCA/USPS-T1-10.

- a. Please define "customer location" as used throughout your response, and distinguish "customer location" from "presort mailer" as used in the interrogatory.
- b. Please answer OCA/USPS-T1-10, parts a. and b., with respect to "presort mailer."

RESPONSE:

a. "Customer location" in my response to OCA/USPS-T1-10 was meant to represent a unique location from which a customer sends mail. Some customers send mail from more than one location. Each customer location in the CBCIS database has a unique "Customer ID." I used "customer location" in my response because "presort mailer" was not defined in the interrogatory and it was not immediately apparent how many customers – as opposed to customer locations – were represented by the 217 observations (or lines of data) in the CBCIS-derived database of presorted Priority Mail in Fiscal Year 1998.

Upon performing various sorts and visual examinations of the Fiscal Year 1998 presorted Priority Mail database, I am now able to offer the following. Three customer locations are repeated once (same Customer ID appears twice), suggesting that the number of customer locations should be reduced from 217 to 214. Two additional entries have approximately the same customer name and the same address, suggesting – despite inexplicably different Customer IDs – that the number of customer locations should be further lowered to 213. Additionally, visual examination reveals two customers each mailing from two different locations, and one customer mailing from six different locations. While all other customers appear to be single-location mailers (customer names are different), I cannot definitively say that there are no other multi-

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORIES

Response to OCA/USPS-T1-16a (Cont.)

location mailers because some customers may be related by affiliation (e.g., subsidiary relationship).

I am unable to distinguish "customer location" as used in my response to OCA/USPS-T1-10 from "presort mailer" as used in the interrogatory because the latter was not defined in the interrogatory.

b. I am unable to answer because "presort mailer" was not defined in OCA/USPS-T1-10. However, *if* "presort mailer" is taken to mean customer, rather than "customer location" as defined in part (a) above, I count 203 single-location mailers, two two-location mailers, and one six-location mailer, for a total of 206 presort mailers (from 213 locations).

Again, *if* "presort mailer" is taken to mean customer, rather than "customer location" as defined in part (a) above, the following can be said about the 206 presort mailers I have counted. Among the largest 183, for which I deem the ratio of total revenue to the total number of pieces as sufficiently precise to indicate that presorted mail was exclusively two pounds and under and/or in flat rate envelopes, 102 had average realized revenue equal to \$2.89. Of the remaining 23, 16 had average realized revenue per piece sufficiently close to \$2.89 to suggest that their presorted mail was exclusively 2 pounds and under and/or in flat rate envelopes. The total number of "presort mailers" that had average realized revenue per piece of \$2.89 is therefore estimated at 118.

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OCA/USPS-T1-17. Please refer to your response to OCA/USPS-T1-10(a) and (b).

- a. For the 217 "customer locations," please provide the total revenue divided by the total number of pieces for the 192 customer locations, the 106 customer locations, the 25 customer locations and the 16 customer locations. Show all calculations.
- b. Please provide the information requested in part a. of this interrogatory for "presort mailers" of Priority Mail.

RESPONSE:

- a. Total revenue divided by the total number of pieces (average realized revenue per piece) is $\$14,308,139/4,822,125 = \2.97 for the 192 largest customer locations; $\$11,974,603/4,142,770 = \2.89 for the 106 customer locations among the 192 largest with average realized revenue per piece equal to \$2.89; $\$646/66 = \9.79 for the 25 smallest customer locations; and $\$95/32 = \2.97 for the 16 customer locations among the 25 smallest with average realized revenue per piece approximately equal to \$2.89.
- b. As stated in my response to OCA/USPS-T1-16(b), I have not been provided with a definition of "presort mailer." However, I will assume what is meant is "customer," rather than "customer location" as defined in my response to OCA/USPS-T1-16(a). Total revenue divided by the total number of pieces (average realized revenue per piece) is $\$14,308,160/4,822,128 = \2.97 for the 183 largest presort mailers; $\$11,964,589/4,139,305 = \2.89 for the 102 presort mailers among the 183 largest with average realized revenue per piece equal to \$2.89; $\$625/63 = \9.92 for the 23 smallest presort mailers; and $\$95/32 = \2.97 for the 16 presort mailers among the 23 smallest with average realized revenue per piece approximately equal to \$2.89.

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OCA/USPS-T1-18. Please refer to your response to OCA/USPS-T1-12(a). Please confirm that the value of the proposed presort discount relative to the Priority Mail rate is greater in percentage terms for lighter weight pieces than for heavier weight pieces at each presort level. If you do not confirm, please explain.

RESPONSE:

Confirmed. This is what I meant when I said in my response to OCA/USPS-T1-12(a): "[M]ailers of lighter-weight pieces will realize greater percentage rate decreases from the proposed presort discounts because their base rates are lower."

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OCA/USPS-T1-19. Please refer to your response to OCA/USPS-T1-11(a), where you refer to the "Special Priority Report."

- a. Please provide the weight distribution data for presorted Priority Mail found in the "Special Priority Report" for GFY2000, and the test year volume of Priority Mail, after rates, from Docket No. R2000-1.
- b. Assume a mailer presents 1,000 pieces of presorted Priority Mail. Assume further that 800 pieces weigh one pound or less, while the remaining 200 pieces weigh more than one pound but less than or equal to two pounds. Please confirm that the 200 pieces will not qualify for any presort discount. If you do not confirm, please explain.

RESPONSE:

- a. The "Special Priority Report" for GFY 2000 is attached. There are no data for presorted Priority Mail because there was no Priority Mail presort classification in GFY 2000.

Priority Mail test year volume, after rates, is 1,243,245,000 pieces. Please see PRC Op. R2000-1, Appendix G, at 4.

- b. Not confirmed. If presented together, the 800 and 200 pieces are not considered separate mailings. Since the total mailing size, 1,000 pieces, exceeds the 300-piece minimum, all 1,000 pieces qualify for the proposed Priority Mail presort discount.

SPECIAL PRIORITY RATE - DQ 7 FY 2000
 VOLUMES BY OUNCE INCREMENT UP TO TWO POUNDS

08:57 Friday, May 1, 2001 2

OZS	PRIORITY VOLUME	PRESORT PRIORITY VOLUME	FLAT RATE ENVELOPE PRIORITY VOLUME	PRESORT FLAT RATE ENVELOPE PRIORITY VOLUME
.001- 1.000	8,285,209.03	.	2,678,120.03	.
OVER 2 LBS	232,975,333.56	.	4,203,075.14	.
1.001- 2.000	11,920,683.41	.	19,611,222.59	.
10.001-11.000	12,056,001.92	.	2,868,772.40	.
11.001-12.000	13,393,625.77	.	2,689,036.20	.
12.001-13.000	16,638,317.03	.	2,647,340.76	.
13.001-14.000	49,400,440.48	.	2,525,339.84	.
14.001-15.000	44,589,362.23	.	2,395,857.05	.
15.001-16.000	38,556,021.61	.	2,642,053.83	.
16.001-17.000	34,186,239.59	.	2,304,161.76	.
17.001-18.000	31,036,905.71	.	2,013,910.30	.
18.001-19.000	28,516,724.92	.	1,780,089.97	.
19.001-20.000	26,390,968.66	.	1,450,318.90	.
2.001- 3.000	8,563,410.87	.	12,409,905.10	.
20.001-21.000	23,965,084.09	.	1,542,741.47	.
21.001-22.000	22,184,129.11	.	1,259,745.77	.
22.001-23.000	20,178,955.14	.	1,047,002.14	.
23.001-24.000	18,681,468.21	.	1,063,617.75	.
24.001-25.000	17,475,826.40	.	999,466.99	.
25.001-26.000	16,269,216.12	.	784,781.59	.
26.001-27.000	15,282,954.46	.	842,387.22	.
27.001-28.000	14,344,312.96	.	655,926.16	.
28.001-29.000	13,076,292.89	.	629,901.50	.
29.001-30.000	12,169,585.32	.	489,801.52	.
3.001- 4.000	9,089,060.02	.	8,407,200.04	.
30.001-31.000	11,624,386.88	.	499,317.27	.
31.001-32.000	11,228,485.77	.	493,002.00	.
4.001- 5.000	9,655,209.23	.	6,490,758.69	.
5.001- 6.000	10,134,042.61	.	5,555,328.69	.
6.001- 7.000	10,302,438.59	.	4,768,263.74	.
7.001- 8.000	10,710,663.40	.	4,178,930.53	.
8.001- 9.000	11,476,945.93	.	3,412,321.15	.
9.001-10.000	12,588,961.33	.	3,149,255.92	.
=====	826,947,263.26	=====	109,488,974.01	=====
		0.00		0.00

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OCA/USPS-T1-21. Please refer to your testimony at page 3, lines 7-9, where it states the "Postal Service will aim to extend the presort discount to roughly 10 mailers . . ."

- a. Is the Postal Service seeking "roughly 10 mailers", or roughly 10 "customer locations," to participate in the experiment? Please explain.
- b. If up to 20 mailers request to participate in the experiment, will all 20 mailers be permitted to participate? If your answer is no, what criteria will the Postal Service use to select the "roughly 10 mailers" to participate in the experiment.
- c. If 20 or more mailers request to participate in the experiment, what criteria will the Postal Service use to select the "roughly 10 mailers" to participate in the experiment.
- d. Is ADP guaranteed to be one of the "roughly 10 mailers" that participate in the experiment?
- e. What circumstances or factors, if any, can you identify that would preclude ADP from participating in the experiment?

RESPONSE:

- a. The Postal Service is seeking roughly 10 customer locations to participate in the first year to year-and-a-half ("Phase I") of the experiment. This could comprise, for example, 10 customers, each with one location; or 9 customers, 8 with one location and 1 with two locations. The "10" is only an approximate target, so slightly more or slightly fewer than 10 customer locations may be included in the first phase of the experiment.
- b. No, 20 mailers would exceed the target for Phase I of the experiment. The criteria used to select roughly 10 mailers from among these applicants were stated at page 4, lines 5-15 of my testimony.
- c. The criteria used to select roughly 10 mailers from among these applicants were stated at page 4, lines 5-15 of my testimony.
- d. No customers are guaranteed participation in the proposed experiment.
- e. ADP could be precluded from participating in the proposed experiment if they do not meet the criteria stated at page 4, lines 5-15 of my testimony. Participation is also a

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Response to OCA/USPS-T1-21e (Cont.)

matter of customer choice. So, ADP could also be precluded from the experiment if they choose not to participate (though, to be sure, strong interest is indicated in Witness Kalenka's testimony).

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TO OCA INTERROGATORIES**

OCA/USPS-T1-22. Please refer to your testimony at page 11, lines 4-11, and Attachment A, line (9), "Existing Volume That Will Take the Discount," 1.5%.

- a. Please confirm you are assuming that 10 "Participating Mailers" will cause an increase of 100 percent in the proportion (i.e., 1.5 percent vs. 0.75 percent) of Priority Mail pieces that take the proposed Priority Mail presort discount, if recommended.
- b. Please explain why you assume that 10 "Participating Mailers" from the entire universe of potential mailers of Priority Mail will be able to increase by 100 percent the proportion of Priority Mail pieces that take the proposed discount.

RESPONSE:

- a. Confirmed.
- b. As I explained in footnote 5 on page 11 of my testimony, participation in the Priority Mail presort discount eliminated in Docket No. R97-1 was highly concentrated in just a handful of mailers. It is therefore my judgment that, compared to the old discount, relative participation in the proposed new discount can double from just 10 mailers.

**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORIES**

OCA/USPS-T1-23. Please refer to your response to OCA/USPS-T1-13(d), and the Attachment thereto, and the attachment to this interrogatory, identified as "New 1lb Volume: OCA Revised Att A" (herein "OCA Attachment"). The shaded cells in the OCA Attachment are different from the attachment to your response to OCA/USPS-T1-13(d). Please confirm that the shaded cells in the OCA Attachment are correct. If you do not confirm, please explain. (Calculations are documented on page two of the OCA Attachment. An Excel version of the OCA Attachment will be made available for posting on the Commission's website.)

RESPONSE:

Confirmed, the OCA calculations are correct. One of the reasons the OCA Attachment is different than my attachment to OCA/USPS-T1-13(d) is that the OCA Attachment, unlike my attachment to OCA/USPS-T1-13(d), deviates from the exact format used in USPS-T-1, Attachment A. For example, line 2 in USPS-T-1, Attachment A is "Not Discounted (Existing Volume Only)." In the OCA Attachment, line 2 is limited to one-pound volume: "Not Discounted (Existing 1lb Volume Only)."

The other factor resulting in differences between my attachment to OCA/USPS-T1-13(d) and the OCA Attachment is that, as acknowledged in OCA/USPS-T1-13(d), I was absent knowledge of average attributable cost per piece for one-pound pieces. For purposes of demonstration, I used a crude algorithm to estimate this as \$2.163. The OCA Attachment includes data documenting this figure as actually \$2.142. The difference between these cost figures accounts for the difference between the change in Test Year total Priority Mail attributable cost, before vs. after the experiment: -\$4,720,000 in my attachment to OCA/USPS-T1-13(d), compared to -\$4,712,000 in the OCA attachment. Note that volume and revenue impacts are the same in the two models, however.

Proposed Priority Mail Presort Discount: Estimated Volume and Financial Impacts

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Priority Mail Volume (000)	Priority Mail Revenue		Priority Mail Attributable Cost		Priority Mail Contribution To Institutional Cost		Priority Mail Cost Coverage
			Total (\$000)	Per Piece	Total (\$000)	Per Piece	Total (\$000)	Per Piece	
(1)	Test Year, Before Experiment (Total)	1,243,245	\$ 5,680,265	\$ 4.569	\$ 3,509,283	\$ 2.823	\$ 2,170,982	\$ 1.746	161.9%
(1.1)	Priority Mail (1lb Volume)	360,718	\$ 1,262,514	\$ 3.500	\$ 772,862	\$ 2.142	\$ 489,852	\$ 1.358	163.4%
(1.2)	Priority Mail (All Other Volume)	882,527	\$ 4,417,751	\$ 5.006	\$ 2,736,621	\$ 3.101	\$ 1,681,130	\$ 1.905	161.4%
	Test Year, After Experiment								
	From Volume								
(2)	Not Discounted (Existing 1lb Volume Only)	342,069	\$ 1,197,244	\$ 3.500	\$ 732,716	\$ 2.142	\$ 464,527	\$ 1.357991	163.4%
(3)	Discounted -- (Existing 1lb Volume)	18,649	\$ 61,976	\$ 3.323	\$ 34,513	\$ 1.851	\$ 27,463	\$ 1.472658	179.6%
(4)	Discounted -- (New 1lb Volume)	385	\$ 1,281	\$ 3.323	\$ 713	\$ 1.851	\$ 568	\$ 1.472658	179.6%
(5)	Total	361,103	\$ 1,260,500	\$ 3.491	\$ 767,943	\$ 2.127	\$ 492,558	\$ 1.364	164.1%
(6)	From Presort Fee	NA	\$1	NA	\$0	NA	\$1	NA	
(7)	Subtotal	361,103	\$ 1,260,502	\$ 3.491	\$ 767,943	\$ 2.127	\$ 492,559	\$ 1.364	164.1%
(7.1)	Total	1,243,630	\$ 5,678,253	\$ 4.566	\$ 3,504,563	\$ 2.818	\$ 2,173,689	\$ 1.748	162.0%
(8)	Change in Test Year, After vs. Before Experiment	385	\$ (2,012)	(\$0.003)	\$ (4,720)	(\$0.005)	\$ 2,707	\$0.002	0.2%
	Inputs:								
(9)	Existing Volume That Will Take the Discount	1.5%							
(10)	Price Elasticity of Demand	-0.819							
	Per-Piece Cost Avoidances								
(11)	ADC	\$ 0.193							
(12)	3-Digit	\$ 0.261							
(13)	5-Digit	\$ 0.420	\$0.2913 Average						
	Presort Discounts (Per Piece)								
(14)	ADC	\$ 0.12							
(15)	3-Digit	\$ 0.16							
(16)	5-Digit	\$ 0.25	\$0.1767 Average						
(17)	Annual Presort Fee	\$125							
(18)	Number of Participating Mailers	10							

Notes For Calculations

1a, 1b, 1d, 1f: See Docket No. R2000-1, Appendix G, Schedule 1

$$1c = 1b/1a$$

$$1e = 1d/1a$$

$$1g = 1f/1a$$

$$1h = 1b/1d$$

1.1a: See Docket No. R2000-1, PRC-LR-3, File: "LR13Pri.xls" Sheet: "Volumes."

1.1b: See Docket No. R2000-1, PRC-LR-3, File: "LR13Pri.xls" Sheet: "Rates."

$$1.1c = 1.1b/1.1a$$

1.1d: See Sheet: "Costs"

$$1.1e = 1.1d/1.1a$$

$$1.1f = 1.1b - 1.1d$$

$$1.1g = 1.1c - 1.1e$$

$$1.1h = 1.1b/1.1d$$

$$1.2a = 1a - 1.1a$$

$$1.2b = 1b - 1.1b$$

$$1.2c = 1.2b/1.2a$$

$$1.2d = 1d - 1.1d$$

$$1.2e = 1.2d/1.2a$$

$$1.2f = 1f - 1.1f$$

$$1.2g = 1.2c - 1.2e$$

$$1.2h = 1.2b/1.2d$$

$$2a = 1.1a - 3a$$

$$2b = 2a \times 1.1c$$

$$2c = 2b/2a$$

$$2d = 2a \times 1.1e$$

$$2e = 2d/2a$$

$$2f = 2b - 2d$$

$$2g = 2c - 2e$$

$$2h = 2b/2d$$

$$3a = 1a \times 9a$$

$$3b = 3a \times (1.1c - ((14a + 15a + 16a)/3))$$

$$3c = 3b/3a$$

$$3d = 3a \times (1.1e - ((11a + 12a + 13a)/3))$$

$$3e = 3d/3a$$

$$3f = 3b - 3d$$

$$3g = 3c - 3e$$

$$3h = 3b/3d$$

Notes For Calculations
(Continued)

$4a = 3a \times ((-(14a + 15a + 16a)/3)/1.1c)/2) \times 10a$
 $4b = 4a \times (1.1c - ((14a + 15a + 16a)/3))$
 $4c = 4b/4a$
 $4d = 4a \times (1.1e - ((11a + 12a + 13a)/3))$
 $4e = 4d/4a$
 $4f = 4b - 4d$
 $4g = 4c - 4e$
 $4h = 4b/4d$
 $5a, 5b = \text{Row 2} + \text{Row 3} + \text{Row 4}$
 $5c = 5b/5a$
 $5d = \text{Row 2} + \text{Row 3} + \text{Row 4}$
 $5e = 5d/5a$
 $5f = \text{Row 2} + \text{Row 3} + \text{Row 4}$
 $5g = 5c - 5e$
 $5h = 5b/5d$
 $6b = 17a \times 18a$
 $6f = 6b - 6d$
 $7a, 7b = \text{Row 5} + \text{Row 6}$
 $7c = 7b/7a$
 $7d = \text{Row 5} + \text{Row 6}$
 $7e = 7d/7a$
 $7f = \text{Row 5} + \text{Row 6}$
 $7g = 7c - 7e$
 $7h = 7b/7d$
 $7.1a, 7.1b = \text{Row 1.2} + \text{Row 7}$
 $7.1c = 7.1b/7.1a$
 $7.1d = \text{Row 1.2} + \text{Row 7}$
 $7.1e = 7.1d/7.1a$
 $7.1f = \text{Row 1.2} + \text{Row 7}$
 $7.1g = 7.1c - 7.1e$
 $7.1h = 7.1b/7.1d$
 $8 = \text{Row 7.1} - \text{Row 1}$
9a: See USPS-T-1, Section II.E, at 11.
10a: See Docket No. R2000-1, USPS-T-8 at 21.
11a, 12a, 13a: See USPS-T-2, Section V., at 7.
14a, 15a, 16a: See USPS-T-1, Section II.A., at 2.
17a: See USPS-T-1, Section II.E., at 13.
18a: See USPS-T-1, Section II.B., at 3.

TY Volume distributed based on BY billing determinants
Test Year Before Rates Volume

Weight to: Lbs	Zone						Total
	77% 23%	79% 21%	79% 21%	79% 21%	77% 23%	78% 22%	
	1, 2 & 3	4	5	6	7	8	
Flat Rate<1	41,485,982	15,149,489	16,611,615	10,474,627	6,830,479	12,855,880	103,418,072
Flat Rate>1	12,260,910	4,020,141	4,446,974	2,838,226	2,000,800	3,664,316	29,231,368
1	171,813,533	52,802,132	62,019,436	36,652,007	24,639,637	45,714,074	393,640,819
2	213,546,466	69,165,403	76,248,676	42,875,164	29,496,861	56,429,042	487,751,413
3	59,687,274	25,400,261	28,460,489	15,848,367	12,002,850	22,708,476	164,107,717
4	24,310,863	10,601,220	12,934,110	7,272,620	5,492,845	10,534,298	71,145,957
5	10,799,839	4,982,115	7,030,883	4,024,856	2,710,183	5,976,395	35,524,251
6	6,264,069	2,913,286	4,002,417	2,205,120	1,722,005	3,251,067	20,357,965
7	3,632,586	1,822,551	2,839,309	1,474,766	1,049,979	2,286,415	13,105,606
8	2,461,931	1,068,726	1,844,478	1,131,573	853,271	1,699,465	9,059,445
9	1,549,987	869,216	1,273,416	767,502	488,689	1,183,062	6,131,872
10	1,120,863	577,966	893,142	553,814	395,181	892,756	4,433,721
11	999,379	406,902	626,793	424,648	301,069	745,859	3,506,449
12	732,635	313,557	469,207	300,814	323,064	516,828	2,655,904
13	448,118	298,057	391,974	229,441	208,318	453,466	2,029,374
14	370,646	205,852	285,872	213,846	181,295	358,615	1,596,125
15	324,641	193,110	265,459	191,344	125,661	296,595	1,396,810
16	297,774	82,482	201,892	86,133	83,105	300,693	1,051,879
17	201,469	102,581	189,016	82,655	72,172	202,916	850,810
18	140,384	82,090	170,695	85,480	76,606	172,366	727,610
19	131,553	86,775	66,708	58,524	76,346	155,797	575,703
20	133,961	72,928	109,442	64,331	92,020	117,506	590,187
21	126,397	116,815	39,739	41,672	48,996	94,171	467,789
22	106,364	45,045	71,052	46,391	30,603	107,933	407,388
23	61,787	63,489	31,229	55,390	30,427	91,975	334,296
24	75,402	36,277	80,722	33,522	26,334	90,016	342,273
25	63,061	32,210	42,288	25,658	23,285	69,007	255,489
26	58,966	45,076	34,647	15,538	13,463	41,028	208,719
27	47,433	13,035	26,362	18,938	16,920	35,244	157,833
28	27,033	18,398	13,538	36,181	14,418	58,347	167,816
29	30,984	13,829	17,905	10,341	20,243	35,339	128,642
30	31,666	10,291	41,660	10,404	23,715	23,222	140,658
31	38,439	13,254	10,639	8,285	8,198	27,645	106,460
32	21,204	16,251	7,908	21,718	8,318	37,323	112,723
33	27,902	16,173	4,672	15,238	9,965	31,691	105,642
34	20,175	3,677	5,907	13,788	11,605	20,881	76,033
35	30,328	16,803	6,495	4,663	6,110	31,233	95,632
36	26,429	3,059	12,667	10,362	6,845	16,936	76,299
37	9,255	11,794	3,841	4,206	8,936	6,785	44,617
38	11,232	5,513	6,045	15,606	53,265	16,700	108,360
39	5,875	3,183	6,088	5,052	3,265	21,205	44,669
40	10,651	1,890	2,955	2,627	3,803	14,920	36,846
41	3,736	7,525	7,321	3,789	2,001	15,362	39,734
42	7,646	3,074	1,400	2,896	3,025	8,115	26,156
43	6,091	5,667	4,425	1,184	3,197	17,049	37,614
44	6,220	3,035	1,531	1,015	4,649	12,621	29,072
45	1,231	383	10,719	1,289	2,313	33,424	49,358
46	2,002	5,593	1,450	386	2,514	15,362	27,308
47	1,807	825	2,453	1,593	3,883	9,129	19,491
48	1,336	1,425	9,212	458	-	3,283	15,714
49	2,243	599	6,631	3,431	837	2,952	18,493
50	2,233	4,826	288	2,077	1,886	5,234	16,545
51	2,227	771	885	1,548	1,531	2,111	9,073
52	5,554	670	9,658	1,146	1,803	5,151	23,981
53	2,257	1,364	615	3,517	567	2,082	10,402
54	3,389	255	956	831	447	4,934	10,812
55	2,529	285	598	363	159	6,370	10,304
56	1,446	2,742	351	276	507	1,550	6,872
57	5,875	962	299	377	1,904	1,193	10,609
58	1,273	850	-	-	334	984	3,542
59	1,024	285	3,556	1,185	386	3,705	10,141
60	1,764	144	275	2,399	1,066	77	5,695
61	587	294	7,257	-	3,463	679	12,280
62	1,087	298	270	246	-	175	2,074
63	44	1,617	267	-	1,567	701	4,196
64	339	278	301	-	247	433	1,597
65	107	-	-	306	522	-	935
66	97	287	267	-	247	299	1,198
67	1,013	-	-	257	288	482	2,019
68	34	-	-	-	292	48	374
69	29	-	-	-	515	436	980
70	-	-	-	-	288	-	288
Total	553,620,668	161,749,044	221,920,945	128,281,778	89,600,911	171,541,231	1,356,714,577

Priority Mail

Test Year Before Rates Cost per Piece

Per Piece 1.788245428

Per Pound 0.262895 0.431262389 0.442982317 0.537620015 0.723381615 0.997255936

Weight to: Lbs	Zone							
	L, 1, 2 & 3	4	5	6	7	8		
Flat Rate	2.0178	2.1651	2.1753	2.2580	2.4203	2.6596		
1	1.9762	2.0988	2.1052	2.1729	2.3059	2.5018		
2	2.1651	2.4089	2.4237	2.5595	2.8259	3.2188	\$	4.25
3	2.5763	3.0820	3.1172	3.4011	3.9584	4.7800	\$	1.56
4	2.8390	3.5133	3.5602	3.9387	4.6818	5.7773	\$	1.00
5	3.1017	3.9446	4.0032	4.4763	5.4052	6.7745	\$	1.00
6	3.3644	4.3758	4.4461	5.0140	6.1285	7.7718	\$	4.68
7	3.6271	4.8071	4.8891	5.5516	6.8519	8.7690	\$	1.55
8	3.8898	5.2383	5.3321	6.0892	7.5753	9.7663		
9	4.1525	5.6696	5.7751	6.6268	8.2987	10.7635		
10	4.4152	6.1009	6.2181	7.1644	9.0221	11.7608		
11	4.6779	6.5321	6.6611	7.7021	9.7454	12.7581		
12	4.9406	6.9634	7.1040	8.2397	10.4688	13.7553		
13	5.2033	7.3947	7.5470	8.7773	11.1922	14.7526		
14	5.4660	7.8259	7.9900	9.3149	11.9156	15.7498		
15	5.7287	8.2572	8.4330	9.8525	12.6390	16.7471		
16	5.9914	8.6884	8.8760	10.3902	13.3624	17.7443		
17	6.2541	9.1197	9.3189	10.9278	14.0857	18.7416		
18	6.5168	9.5510	9.7619	11.4654	14.8091	19.7389		
19	6.7795	9.9822	10.2049	12.0030	15.5325	20.7361		
20	7.0421	10.4135	10.6479	12.5406	16.2559	21.7334		
21	7.3048	10.8448	11.0909	13.0783	16.9793	22.7308		
22	7.5675	11.2760	11.5339	13.6159	17.7026	23.7279		
23	7.8302	11.7073	11.9768	14.1535	18.4260	24.7251		
24	8.0929	12.1385	12.4198	14.6911	19.1494	25.7224		
25	8.3556	12.5698	12.8628	15.2287	19.8728	26.7196		
26	8.6183	13.0011	13.3058	15.7664	20.5962	27.7169		
27	8.8810	13.4323	13.7488	16.3040	21.3195	28.7142		
28	9.1437	13.8636	14.1918	16.8416	22.0429	29.7114		
29	9.4064	14.2949	14.6347	17.3792	22.7663	30.7087		
30	9.6691	14.7261	15.0777	17.9168	23.4897	31.7059		
31	9.9318	15.1574	15.5207	18.4545	24.2131	32.7032		
32	10.1945	15.5886	15.9637	18.9921	24.9365	33.7004		
33	10.4572	16.0199	16.4067	19.5297	25.6598	34.6977		
34	10.7199	16.4512	16.8496	20.0673	26.3832	35.6949		
35	10.9826	16.8824	17.2926	20.6049	27.1066	36.6922		
36	11.2453	17.3137	17.7356	21.1426	27.8300	37.6895		
37	11.5080	17.7450	18.1786	21.6802	28.5534	38.6867		
38	11.7707	18.1762	18.6216	22.2178	29.2767	39.6840		
39	12.0334	18.6075	19.0646	22.7554	30.0001	40.6812		
40	12.2960	19.0387	19.5075	23.2930	30.7235	41.6785		
41	12.5587	19.4700	19.9505	23.8307	31.4469	42.6757		
42	12.8214	19.9013	20.3935	24.3683	32.1703	43.6730		
43	13.0841	20.3325	20.8365	24.9059	32.8937	44.6703		
44	13.3468	20.7638	21.2795	25.4435	33.6170	45.6675		
45	13.6095	21.1951	21.7224	25.9811	34.3404	46.6648		
46	13.8722	21.6263	22.1654	26.5188	35.0638	47.6620		
47	14.1349	22.0576	22.6084	27.0564	35.7872	48.6593		
48	14.3976	22.4888	23.0514	27.5940	36.5106	49.6565		
49	14.6603	22.9201	23.4944	28.1316	37.2339	50.6538		
50	14.9230	23.3514	23.9374	28.6692	37.9573	51.6510		
51	15.1857	23.7826	24.3803	29.2069	38.6807	52.6483		
52	15.4484	24.2139	24.8233	29.7445	39.4041	53.6456		
53	15.7111	24.6452	25.2663	30.2821	40.1275	54.6428		
54	15.9738	25.0764	25.7093	30.8197	40.8509	55.6401		
55	16.2365	25.5077	26.1523	31.3573	41.5742	56.6373		
56	16.4992	25.9389	26.5953	31.8950	42.2976	57.6346		
57	16.7619	26.3702	27.0382	32.4326	43.0210	58.6318		
58	17.0246	26.8015	27.4812	32.9702	43.7444	59.6291		
59	17.2873	27.2327	27.9242	33.5078	44.4678	60.6263		
60	17.5499	27.6640	28.3672	34.0454	45.1911	61.6236		
61	17.8126	28.0953	28.8102	34.5831	45.9145	62.6209		
62	18.0753	28.5265	29.2531	35.1207	46.6379	63.6181		
63	18.3380	28.9578	29.6961	35.6583	47.3613	64.6154		
64	18.6007	29.3890	30.1391	36.1959	48.0847	65.6126		
65	18.8634	29.8203	30.5821	36.7335	48.8081	66.6099		
66	19.1261	30.2516	31.0251	37.2712	49.5314	67.6071		
67	19.3888	30.6828	31.4681	37.8088	50.2548	68.6044		
68	19.6515	31.1141	31.9110	38.3464	50.9782	69.6016		
69	19.9142	31.5454	32.3540	38.8840	51.7016	70.5989		
70	20.1769	31.9766	32.7970	39.4216	52.4250	71.5962		

Note: Includes contingency but no markup

Source: Docket No. R2000-1, PRC-LR-13, File: "LR13Pri.xls" Sheet: "Rates"

Priority Mail
Test Year Before Rates Costs
by Weight and Zone

Weight to: Lbs	Zone						
	1, 2 & 3	4	5	6	7	8	TOTAL
Flat Rate	108,469,008	41,503,235	45,808,567	30,060,142	21,374,205	43,938,709	291,151,867
1	339,541,491	110,717,721	130,585,068	79,642,895	56,815,857	114,369,630	631,652,661
2	462,344,652	166,473,166	184,803,687	109,736,983	83,327,112	181,633,476	1,188,319,077
3	153,774,140	78,284,432	88,716,820	53,901,968	47,511,964	108,546,818	530,736,142
4	69,019,157	37,245,215	46,047,690	28,644,855	25,716,247	60,859,478	267,532,643
5	33,498,081	19,652,239	28,145,729	18,016,844	14,648,847	40,487,241	154,448,781
6	21,074,931	12,748,016	17,795,304	11,056,398	10,553,369	25,286,580	98,494,598
7	13,175,760	8,761,154	13,881,728	8,187,288	7,194,366	20,049,657	71,249,683
8	9,576,434	5,598,357	9,834,950	6,890,381	6,463,784	16,597,472	54,961,378
9	6,436,323	4,928,113	7,354,084	5,086,102	4,055,474	12,733,947	40,594,044
10	4,948,830	3,526,092	5,553,616	3,967,771	3,585,349	10,499,525	32,061,183
11	4,674,984	2,671,001	4,175,101	3,270,666	2,934,050	9,513,180	27,238,962
12	3,619,644	2,183,420	3,333,261	2,476,965	3,382,100	7,108,129	22,104,519
13	2,331,684	2,204,027	2,958,233	2,013,872	2,331,534	6,889,797	18,529,147
14	2,025,940	1,610,977	2,284,115	1,991,964	1,921,921	5,648,128	15,483,046
15	1,859,759	1,594,548	2,238,607	1,885,227	1,588,231	4,967,099	14,133,472
16	1,784,072	716,643	1,780,208	894,941	1,110,480	5,335,599	11,631,942
17	1,259,998	935,510	1,761,432	903,237	1,016,601	3,802,967	9,679,746
18	914,845	783,939	1,686,310	960,067	1,134,464	3,402,314	8,881,939
19	891,857	866,212	690,748	702,464	1,185,846	3,230,625	7,557,753
20	643,373	759,436	1,165,328	806,749	1,495,858	2,553,800	7,724,544
21	923,309	1,266,826	440,736	544,984	831,915	2,140,573	6,148,354
22	804,917	507,933	819,499	631,661	541,747	2,561,011	5,866,768
23	483,803	743,284	374,024	783,960	560,643	2,274,089	5,219,802
24	810,224	440,351	1,002,555	492,469	504,281	2,315,429	5,365,310
25	526,913	404,872	543,940	390,736	462,350	1,843,855	4,172,667
26	508,192	586,031	461,005	244,982	277,295	1,137,173	3,214,679
27	421,254	175,096	362,441	308,770	360,730	1,011,998	2,640,289
28	247,186	255,057	192,129	609,350	317,819	1,733,583	3,355,125
29	291,450	197,886	262,030	179,724	460,862	1,085,228	2,476,980
30	306,180	151,543	628,140	186,409	557,062	736,262	2,565,596
31	381,770	200,896	165,123	152,900	198,502	904,076	2,003,267
32	216,167	253,337	126,241	412,472	207,410	1,257,816	2,473,443
33	291,777	259,093	78,659	297,598	255,897	1,099,612	2,280,435
34	216,279	60,488	99,530	276,679	306,183	745,363	1,704,521
35	333,074	283,681	112,312	96,076	165,626	1,146,019	2,136,788
36	297,201	52,957	224,652	219,086	190,510	638,326	1,622,732
37	106,510	209,278	66,180	91,180	255,186	262,484	890,798
38	132,209	100,197	112,568	346,720	1,559,416	662,727	2,813,636
39	70,700	59,225	116,066	114,965	97,949	862,659	1,321,564
40	130,969	35,974	57,643	81,182	116,853	621,853	1,024,474
41	46,914	146,507	146,061	90,302	62,921	655,606	1,148,311
42	98,027	61,173	28,552	70,568	97,329	354,398	710,047
43	79,700	115,221	92,208	29,483	105,169	761,590	1,183,370
44	83,023	63,025	32,587	25,814	156,287	576,361	937,097
45	16,757	8,107	232,835	33,489	79,426	1,559,705	1,930,319
46	27,777	120,953	32,143	10,247	88,144	732,185	1,011,450
47	25,547	18,196	55,463	43,101	131,807	444,233	718,347
48	19,233	32,043	212,352	12,647	-	162,999	439,273
49	32,880	13,736	202,775	96,522	23,708	149,542	519,163
50	33,324	112,700	6,893	59,550	71,595	270,364	554,427
51	33,826	18,331	21,578	45,214	59,228	111,115	289,281
52	85,799	16,215	239,732	34,087	71,034	276,331	723,199
53	35,458	33,621	15,544	106,514	22,744	113,741	327,621
54	54,135	6,402	24,568	25,612	18,244	274,530	403,491
55	41,062	7,275	15,635	11,388	6,604	360,775	442,739
56	23,860	71,120	9,346	8,799	21,461	89,306	223,892
57	96,473	25,356	8,087	12,224	81,898	69,925	295,962
58	21,680	25,465	-	-	14,612	58,671	120,429
59	17,704	7,766	99,298	39,691	17,147	224,636	406,241
60	30,954	3,988	7,787	80,655	48,194	4,745	176,323
61	10,455	8,272	209,065	-	159,025	42,509	429,326
62	19,648	8,439	7,910	8,634	-	11,138	55,769
63	803	46,819	7,943	-	74,222	45,294	175,081
64	6,302	8,167	9,065	-	11,881	28,389	63,814
65	2,026	-	-	11,223	25,494	-	38,743
66	1,854	8,680	8,298	-	12,239	20,221	51,291
67	19,637	-	-	9,707	13,452	33,073	75,870
68	669	-	-	-	14,885	3,369	18,923
69	583	-	-	-	26,614	30,802	57,999
70	-	-	-	-	14,033	-	14,033
GRAND TOTAL							3,777,206,697

Priority Mail

Test Year Before Rates Costs
by Weight and Zone
Percent

Weight to: Lbs	Zone						
	L,1,2 & 3	4	5	6	7	8	TOTAL
Flat Rate	2.871673%	1.098781%	1.212763%	0.795830%	0.565873%	1.163206%	7.708126%
1	8.989222%	2.931206%	3.456657%	2.106513%	1.504177%	3.027889%	22.017664%
2	12.240385%	4.407309%	4.892602%	2.905242%	2.206051%	4.808672%	31.460261%
3	4.071107%	2.072548%	2.348741%	1.427033%	1.257860%	2.873733%	14.051022%
4	1.827254%	0.986052%	1.219094%	0.758361%	0.680827%	1.611230%	7.082817%
5	0.886848%	0.520285%	0.745147%	0.476983%	0.387822%	1.071883%	4.088968%
6	0.557650%	0.337499%	0.471123%	0.292714%	0.279396%	0.668922%	2.607604%
7	0.348824%	0.231948%	0.367513%	0.218755%	0.190468%	0.530806%	1.886314%
8	0.253532%	0.148214%	0.260376%	0.182420%	0.171126%	0.439411%	1.455080%
9	0.170399%	0.130470%	0.194686%	0.134652%	0.107367%	0.337126%	1.074711%
10	0.131018%	0.093352%	0.147030%	0.105045%	0.094391%	0.277971%	0.848807%
11	0.123788%	0.070714%	0.110534%	0.088560%	0.077678%	0.251857%	0.721140%
12	0.095829%	0.057805%	0.088247%	0.065577%	0.069540%	0.188211%	0.585208%
13	0.061730%	0.058351%	0.078318%	0.053316%	0.061726%	0.177110%	0.490552%
14	0.053636%	0.042650%	0.060471%	0.052736%	0.050882%	0.149532%	0.409907%
15	0.049236%	0.042215%	0.058266%	0.049911%	0.042048%	0.131502%	0.374178%
16	0.047233%	0.018973%	0.047386%	0.023693%	0.029400%	0.141258%	0.307951%
17	0.033358%	0.024787%	0.046633%	0.023913%	0.026914%	0.100682%	0.256267%
18	0.024220%	0.020754%	0.044115%	0.025947%	0.030034%	0.090075%	0.235148%
19	0.023612%	0.022933%	0.018023%	0.018597%	0.031395%	0.085529%	0.200088%
20	0.024975%	0.020106%	0.030652%	0.021358%	0.039602%	0.067611%	0.204504%
21	0.024444%	0.033539%	0.011688%	0.014428%	0.022025%	0.056671%	0.162775%
22	0.021310%	0.013447%	0.021696%	0.016723%	0.014343%	0.067802%	0.155320%
23	0.012808%	0.019678%	0.009902%	0.020755%	0.014843%	0.060206%	0.138192%
24	0.018155%	0.011658%	0.028542%	0.013038%	0.013351%	0.061300%	0.142044%
25	0.013950%	0.010719%	0.014401%	0.010345%	0.007341%	0.048815%	0.110470%
26	0.013454%	0.015515%	0.012205%	0.006486%	0.003411%	0.030106%	0.085107%
27	0.011153%	0.004636%	0.009595%	0.008175%	0.009550%	0.026792%	0.069901%
28	0.006544%	0.006753%	0.005087%	0.016132%	0.008414%	0.045896%	0.088826%
29	0.007716%	0.005234%	0.006937%	0.004758%	0.012201%	0.028731%	0.065577%
30	0.008106%	0.004012%	0.018630%	0.004935%	0.014748%	0.019492%	0.067923%
31	0.010107%	0.005319%	0.004372%	0.004048%	0.005255%	0.023935%	0.053036%
32	0.005723%	0.006707%	0.003342%	0.010920%	0.005491%	0.033300%	0.065483%
33	0.007725%	0.006859%	0.002030%	0.007879%	0.006789%	0.029112%	0.080374%
34	0.005726%	0.001601%	0.002635%	0.007325%	0.008106%	0.019733%	0.045126%
35	0.008818%	0.007510%	0.002973%	0.002544%	0.004385%	0.030340%	0.065571%
36	0.007868%	0.001402%	0.005948%	0.005800%	0.005044%	0.016899%	0.042961%
37	0.002820%	0.005411%	0.001752%	0.002414%	0.006755%	0.008949%	0.026231%
38	0.003500%	0.002653%	0.002980%	0.009179%	0.041285%	0.017545%	0.077143%
39	0.001872%	0.001568%	0.003073%	0.003044%	0.002593%	0.022839%	0.034988%
40	0.003467%	0.000952%	0.001526%	0.001620%	0.003094%	0.016463%	0.027123%
41	0.001242%	0.003879%	0.003867%	0.002391%	0.001666%	0.017357%	0.030401%
42	0.002595%	0.001620%	0.000756%	0.001868%	0.002577%	0.009383%	0.018798%
43	0.002110%	0.003050%	0.002441%	0.000781%	0.002784%	0.020183%	0.031329%
44	0.002198%	0.001669%	0.000863%	0.000683%	0.004138%	0.015259%	0.024809%
45	0.000444%	0.000215%	0.006164%	0.000887%	0.002103%	0.041293%	0.051104%
46	0.000735%	0.003202%	0.000851%	0.000271%	0.002334%	0.019384%	0.026778%
47	0.000676%	0.000482%	0.001468%	0.001141%	0.003490%	0.011761%	0.019018%
48	0.000509%	0.000648%	0.005622%	0.000335%	0.000000%	0.004315%	0.011630%
49	0.000870%	0.000364%	0.005368%	0.002555%	0.000628%	0.003959%	0.013745%
50	0.000882%	0.002984%	0.000182%	0.001577%	0.001895%	0.007158%	0.014678%
51	0.000896%	0.000485%	0.000571%	0.001197%	0.001588%	0.002942%	0.007659%
52	0.002272%	0.000429%	0.006347%	0.000902%	0.001881%	0.007316%	0.019146%
53	0.000939%	0.000890%	0.000412%	0.002820%	0.000602%	0.003011%	0.008674%
54	0.001433%	0.000169%	0.000650%	0.000678%	0.000483%	0.007268%	0.010662%
55	0.001087%	0.000193%	0.000414%	0.000302%	0.000175%	0.006551%	0.011721%
56	0.000632%	0.001883%	0.000247%	0.000233%	0.000568%	0.002364%	0.006927%
57	0.002607%	0.000671%	0.000214%	0.000324%	0.002168%	0.001851%	0.007835%
58	0.000574%	0.000674%	0.000000%	0.000000%	0.000387%	0.001553%	0.003188%
59	0.000469%	0.000206%	0.002629%	0.001051%	0.000454%	0.005947%	0.010755%
60	0.000819%	0.000106%	0.000206%	0.002135%	0.001278%	0.000126%	0.004668%
61	0.000277%	0.000219%	0.005335%	0.000000%	0.004210%	0.001125%	0.011366%
62	0.000520%	0.000223%	0.000208%	0.000229%	0.000000%	0.000285%	0.001476%
63	0.000021%	0.001240%	0.000210%	0.000000%	0.001965%	0.001199%	0.004635%
64	0.000167%	0.000218%	0.000240%	0.000000%	0.000315%	0.000752%	0.001889%
65	0.000054%	0.000000%	0.000000%	0.000297%	0.000675%	0.000000%	0.001026%
66	0.000049%	0.000230%	0.000220%	0.000000%	0.000324%	0.000535%	0.001358%
67	0.000520%	0.000000%	0.000000%	0.000257%	0.000356%	0.000876%	0.002009%
68	0.000018%	0.000000%	0.000000%	0.000000%	0.000394%	0.000089%	0.000501%
69	0.000015%	0.000000%	0.000000%	0.000000%	0.000705%	0.000815%	0.001536%
70	0.000000%	0.000000%	0.000000%	0.000000%	0.000372%	0.000000%	0.000372%
GRAND TOTAL							100.000000%

Flat	Rate	Zone								TOTAL
		L, 1, 2 & 3	4	5	6	7	8	9		
1	100,775,117	38,559,340	42,559,288	27,927,925	19,858,096	40,820,204	270,499,969			
2	315,457,235	102,864,325	121,303,865	73,993,689	52,785,812	106,257,198	772,662,123			
3	429,549,739	154,064,941	171,695,247	101,953,153	77,418,579	168,749,905	1,104,029,583			
4	142,866,679	72,731,585	82,423,985	50,078,810	44,141,859	100,847,407	493,090,125			
5	64,123,511	34,603,348	42,781,449	26,613,027	23,892,150	56,542,611	248,556,097			
6	31,122,005	18,258,272	26,149,305	16,738,693	13,609,779	37,815,412	143,493,466			
7	19,580,050	11,843,778	16,533,052	10,272,149	9,804,801	23,474,379	91,508,209			
8	12,241,208	8,139,711	12,897,074	7,606,550	6,684,057	18,627,500	66,196,100			
9	8,897,161	5,201,256	9,137,340	6,401,634	6,005,297	15,420,185	51,062,874			
10	5,979,783	4,578,554	6,832,447	4,725,336	3,767,812	11,830,707	37,714,639			
11	4,597,801	3,275,981	5,159,688	3,886,330	3,312,453	9,754,776	29,787,029			
12	4,343,380	2,481,542	3,878,954	3,038,672	2,725,932	8,838,376	25,306,856			
13	3,362,896	2,028,546	3,096,827	2,301,270	3,142,202	6,604,867	20,536,608			
14	2,166,294	2,047,892	2,748,401	1,871,025	2,166,154	6,215,278	17,214,843			
15	1,882,236	1,496,708	2,122,099	1,850,671	1,785,586	5,247,407	14,384,807			
16	1,727,843	1,481,444	2,079,819	1,751,506	1,475,576	4,614,774	13,130,961			
17	1,657,525	1,065,810	1,663,225	831,461	1,031,712	4,957,136	10,806,869			
18	1,170,825	869,153	1,063,492	839,169	944,492	3,533,216	8,993,145			
19	849,954	728,333	1,548,115	910,549	1,053,995	3,160,982	8,251,828			
20	828,596	804,770	632,461	652,631	1,101,732	3,001,472	7,021,869			
21	876,458	705,568	1,062,669	749,525	1,389,754	2,372,654	7,176,829			
22	857,817	1,176,968	409,474	506,337	772,906	1,988,738	5,712,241			
23	747,823	471,904	761,371	586,856	503,320	2,379,354	5,450,628			
24	449,486	690,561	347,494	726,352	520,875	2,112,784	4,849,552			
25	566,940	409,116	631,442	457,538	468,511	2,151,192	4,984,739			
26	489,536	376,153	508,358	363,021	429,556	1,713,068	3,876,692			
27	472,145	544,483	428,308	227,605	257,626	1,056,511	2,986,656			
28	391,374	162,676	336,732	286,868	335,143	940,215	2,453,009			
29	229,653	236,966	178,501	566,127	295,276	1,610,617	3,117,141			
30	270,777	183,664	243,444	166,976	428,172	1,008,251	2,301,283			
31	284,462	140,794	583,585	173,186	517,549	684,037	2,383,614			
32	354,690	186,546	153,411	142,054	184,422	839,849	1,861,172			
33	200,834	235,367	117,287	383,215	192,698	1,168,597	2,297,997			
34	271,081	240,715	71,222	276,488	237,560	1,021,614	2,118,880			
35	200,938	56,197	92,470	257,053	284,465	692,493	1,583,817			
36	309,448	263,559	104,345	89,261	153,878	1,064,730	1,985,222			
37	276,120	49,201	208,717	203,545	176,997	593,049	1,507,629			
38	98,955	194,433	61,486	84,713	237,807	243,866	920,519			
39	122,831	93,089	104,584	322,127	1,448,804	615,719	2,707,153			
40	65,685	55,024	107,834	106,810	91,002	801,489	1,227,823			
41	121,679	33,423	53,555	56,842	108,564	577,744	951,807			
42	43,586	136,115	135,700	83,897	58,458	609,102	1,066,859			
43	91,073	56,833	26,527	85,563	90,426	329,260	659,682			
44	74,047	107,048	85,667	27,391	97,709	707,569	1,099,432			
45	77,134	58,555	30,276	23,983	145,201	535,479	870,627			
46	15,568	7,532	216,319	31,114	73,782	1,446,073	1,793,389			
47	25,807	112,374	29,863	9,520	81,892	680,250	639,706			
48	23,735	16,905	51,529	40,044	122,457	412,723	667,393			
49	17,869	29,770	197,289	11,749	-	151,437	408,115			
50	30,548	12,762	188,392	89,675	22,027	138,935	482,338			
51	30,981	104,706	6,404	55,326	66,517	251,187	515,100			
52	31,426	17,030	20,047	42,007	55,027	103,233	268,771			
53	79,713	15,065	222,727	31,669	65,996	256,731	671,901			
54	32,943	31,237	14,441	98,859	21,130	105,673	304,382			
55	50,296	5,948	22,825	23,795	16,950	255,057	374,871			
56	38,149	6,759	14,526	10,581	6,135	335,184	411,335			
57	22,168	66,075	8,683	8,175	19,838	82,972	208,011			
58	91,488	23,557	7,513	11,357	76,089	64,965	274,968			
59	20,142	23,659	-	-	13,576	54,510	111,887			
60	16,449	7,215	92,254	36,876	15,930	208,702	377,426			
61	28,758	3,705	7,235	74,934	44,776	4,409	163,817			
62	9,713	7,886	194,235	-	-	39,494	398,873			
63	18,254	7,841	7,349	8,021	-	10,348	51,813			
64	746	43,498	7,380	-	68,958	42,081	162,662			
65	5,855	7,588	8,422	-	11,039	26,384	59,288			
66	1,882	-	-	10,427	23,685	-	35,995			
67	1,722	8,064	7,710	-	11,371	18,786	47,653			
68	18,244	-	-	-	12,496	30,727	70,488			
69	621	-	-	-	13,829	3,130	17,581			
70	542	-	-	-	24,727	28,617	53,885			
GRAND TOTAL	-	-	-	-	13,038	-	3,509,283,000			

**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORIES**

OCA/USPS-T1-24. Please refer to your testimony beginning on page 4 where it discusses the rationale for presort discounts for Priority Mail. Also, please review the testimony of witness Kalenka, USPS-T-3, at page 3, lines 4-6, page 6, lines 16-21, and page 7, lines 1-4. Is the Postal Service proposing presort discounts for Priority Mail as a means to retain Priority Mail volumes in the face of increasing competition? Please explain and provide any documents related to competition as a factor in proposing presort discounts for Priority Mail.

RESPONSE:

Retention of volume in the short run, e.g., during the course of the experiment, is not one of the objectives of the proposal. Accordingly, it was not part of the rationale I mentioned at USPS-T-1, pages 4-7. However, as I acknowledged at USPS-T-1, page 15, lines 18-20, the proposed experiment could result in the retention of some volume that would otherwise have gone to competitors. Retention of volume can be considered a by-product of any effort to improve a product or service.

Consistent with our mandate to provide mail classifications that meet the needs of the mailing public at reasonable rates, the Postal Service will consider, if the experiment's results warrant, requesting the establishment of permanent classifications and rates for presorted Priority Mail. If the end result is a more attractive product and, therefore, more demand from mailers, the Postal Service would regard such a development as positive. Attracting customer interest is more of a challenge in mail subclasses, such as Priority Mail, which face strong competition from the private sector. Whether this competition is "increasing," I am unable to confirm. This was witness Kalenka's characterization – not in the passages cited in this interrogatory, but at page 7, line 13 of his testimony, where the market for expedited, 2-3 day delivery service is described as "increasingly competitive."

I am unaware of the existence of any documents relating to competition as a factor in proposing presort discounts for Priority Mail.

DECLARATION

I, Thomas M. Scherer, hereby declare, under penalty of perjury, that the foregoing Postal Rate Commission Docket No. MC2001-1 interrogatory answers are true to the best of my information, knowledge and belief.

Thomas M. Scherer
Thomas M. Scherer

5-7-01
Date

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Mr. Tidwell", is written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
May 7, 2001